

Unite the Union response to BEIS Contracts for Difference for Low Carbon Electricity Generation consultation on New Supply Chain Plan Questionnaire

1. Introduction

- 1.1. This submission is made by Unite, the UK's and Ireland's largest trade union with over one million members across all sectors of the economy, including manufacturing, financial services, transport, food and agriculture, construction, energy and utilities, information technology, service industries, health, local government and the not for profit sector. Unite also organises in the community, enabling those who are not in employment to be part of our union.**
- 1.2. Of particular relevance to this submission, Unite represents over 35,000 energy and utility workers; around a quarter of a million members in the transport industries and hundreds of thousands more in the various manufacturing industries. Unite also represents 68,000 construction workers who will hopefully be offered the opportunity to provide their services on terms and conditions that are commensurate with their skill set. Finally, Unite also represents members in the oil and gas industry, in mining, in the chemicals sector and many others who face a future where we are moving away from fossil fuels into a more sustainable world where their current skills and experiences may be transferable into methods that help reduce the level of greenhouse gases in our atmosphere.
- 1.3. Unite responded to BEIS's earlier consultation on 'Contracts for Difference (CFD): changes to Supply Chain Plans and the CFD contract'. In our response we highlighted:
 - that the UK and Scottish Governments must actively support a 'just transition' in order to achieve net zero emissions. The central part in delivering this objective will be to ensure that jobs are directly created in the UK through a coherent and co-ordinated industrial agenda with a green skills strategy at its core.
 - that the Contracts for Difference (CfD) scheme is the main mechanism for supporting low-carbon electricity generation. The scheme is designed to incentivise investment in renewable energy by effectively guaranteeing prices for renewable energy suppliers. The process has substantial shortcomings and reform of the CfD arrangements is absolutely necessary in order to help improve the outlook for supply chain firms throughout the UK.
 - that the UK Government should work with trade unions, industry and the devolved administrations to develop a robust UK supply chain plan for onshore and offshore wind, which delivers tangible benefits for the domestic jobs market which is common in other areas of major energy infrastructure procurement.

- the example of Bifab, which only a few years ago employed upwards of 1400 people but went into administration at the end of last year, highlights the failures of the current model.
 - that while supportive of the proposals for supply chain plans, we also believe there is a need to specify local requirements and strengthen trade union engagement in the process.
- 1.4. Unite has also contributed to, and concurs with, the points raised in the TUC's response to this consultation.
- 1.5. If the UK is to move to a more sustainable net zero future by 2050 there will need to be a major investment in energy generation to replace the energy currently extracted from fossil fuels. This will need to be augmented alongside new supply and disposal networks.
- 1.6. Unite believes that the CfD model could be used to supply this new infrastructure but before it is used the current flaws need to be addressed.
- 1.7. In addition to CfD reform, Unite has also been clear about the potential for public monies to promote 'positive procurement'. Procurement must be tied to clear public policy goals such as job creation and improving living standards, supporting equality of pay, providing community benefits through decent work, environmental standards and offering high quality apprenticeships linked to public infrastructure and services¹.

2. Consultation Questions

1. The Government welcomes views on whether the right questions are being asked in the new Supply Chain Plan questionnaire to deliver on the Supply Chain Plan objectives, including whether there are any key omissions or any material challenges raised? These objectives are to build competitiveness, capability and capacity in local supply chains. Please break down your answer by the five sections of the questionnaire (Business Environment, Ideas, Infrastructure, People and Place).

- 2.1. Unite notes that the consultation states that the revised questionnaire focuses "*on building competitiveness, capability and capacity in local supply chains and is intended to continue to help deliver projects to predictable timescales at low costs while creating skilled, fulfilling, well-paid jobs in regions and communities around the UK*".
- 2.2. We also note that the consultation claims that "*to support delivering these objectives, Supply Chain Plans will align with the key themes of the Industrial Strategy*", namely: Business Environment, Ideas, Infrastructure, People and Place. However, since the consultation was launched the Industrial Strategy Council has been axed and the Secretary of State for Business, Energy and Industrial Strategy (BEIS) has said the

¹ See Unite's [submission to the Cabinet Office Green Paper: Transforming public procurement consultation](#) (March 20221)

Government had “decided to mark a departure from the industrial strategy brand²”. With this in mind, and not knowing the status of the themes identified, we present our comments below.

- 2.3. Local content targets should be a pass-or-fail question, rather than forming part of the points-based assessment.
- 2.4. The existing lowest-price bid approach of CfD has been a significant contributing factor in the failure to support local supply chains. There is a need for CfD to take a more rounded assessment of what constitutes value – taking into account the environmental impact of manufacturing and transporting content, as well the employment and tax impact of where work is undertaken. The recent Economy, Energy and Fair Work Committee of the Scottish Parliament, makes similar recommendations along these lines³.
- 2.5. Studies show that local content requirements for renewable energy projects have been used in Ontario, Quebec, Spain, Italy, France, Greece, Croatia, Turkey and the United States. The supply chain plan process should similarly stipulate a minimum proportion of local content that companies must meet in order to proceed with a bid⁴.
- 2.6. The Lucas Plan was a Nobel Prize nominated idea developed by the workers of Lucas Aerospace Corporation as an alternative plan for the future of the company they worked for when the organisation looked on the brink of collapse with the loss of thousands of jobs. The resulting plan included over 150 designs for alternative socially useful products reorganising the teams combining the workers’ shop floor tacit knowledge with theoretical engineering from the designers. As the principle trade union leader behind the plan observed: *“The alternatives are stark. Either we will have a future in which human beings are reduced to a sort of bee-like behaviour, reacting to the systems and equipment specified for them; or we will have a future in which masses of people, conscious of their skills and abilities in both a political and a technical sense, decide that they are going to be the architects of a new form of technological development which will enhance human creativity and mean more freedom of choice and expression rather than less. The truth is, we shall have to make the profound decision as to whether we intend to act as architects or behave like bees.”*⁵ The only reason it failed was due to the entrenched position of management and the business community.
- 2.7. Under the Public Service Equalities Duty, in assessing CfD applications as with any other function BEIS must have due regard to:
 - Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010.

² UK business leaders condemn ‘sad and bad’ axing of industrial strategy panel (The Guardian, 4th March 2021): <https://www.theguardian.com/business/2021/mar/04/business-leaders-condemn-decision-axe-uk-industry-strategy-panel>

³ Economy, Energy and Fair Work Committee (2021) ‘BiFab, the offshore wind sector and Scottish supply chain’ <https://sp-bpr-en-prod-cdnep.azureedge.net/published/EEFW/2021/1/22/61814066-9ae0-4b92-9829-571d33cb238e/EEFW052021R01.pdf>

⁴UNCTAD (2014) ‘Local Content Requirements and the Green Economy’ https://unctad.org/en/PublicationsLibrary/ditcted2013d7_en.pdf

⁵ <https://socialistproject.ca/2018/04/bringing-back-the-lucas-plan/>

- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

2.8. This includes:

- Removing or minimising disadvantages suffered by people due to their protected characteristics
- Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

2.9. This means in particular that the process should require companies to address under-representation of people with protected characteristics (in particular women, disabled people, and BAME people) who are underrepresented in the renewable energy industry and its supply chains. The responses to questions below include some measures that should be included to address this, but a full Equality Impact Assessment should be carried out to ensure that the process comprehensively addresses the Public Service Equalities Duty.

2.10. Question 4.2 should ask companies to provide evidence of applying best practice in ensuring opportunities are open to, and promoted to, members of disadvantaged groups and communities, including women, disabled people, and BME people. Measures should include:

- Monitoring equal opportunities outcomes in recruitment processes
- Mandating the use of anonymised application forms in recruitment
- Use of positive action measures permitted in the Equality Act 2010 including
 - Targeted advertising and outreach of job opportunities to members of disadvantaged or underrepresented communities
 - Offering training or other developmental opportunities to underrepresented groups
- Ensuring staff with responsibilities related to hiring, line-managing, or otherwise supporting new staff receive appropriate training in relation to equal opportunities, anti-discrimination, and inclusion.

2.11. For Question 4.3 applicants should be asked to confirm whether apprenticeships as part of the project conform to a high quality standard such as the TUC Apprenticeships Charter⁶, including:

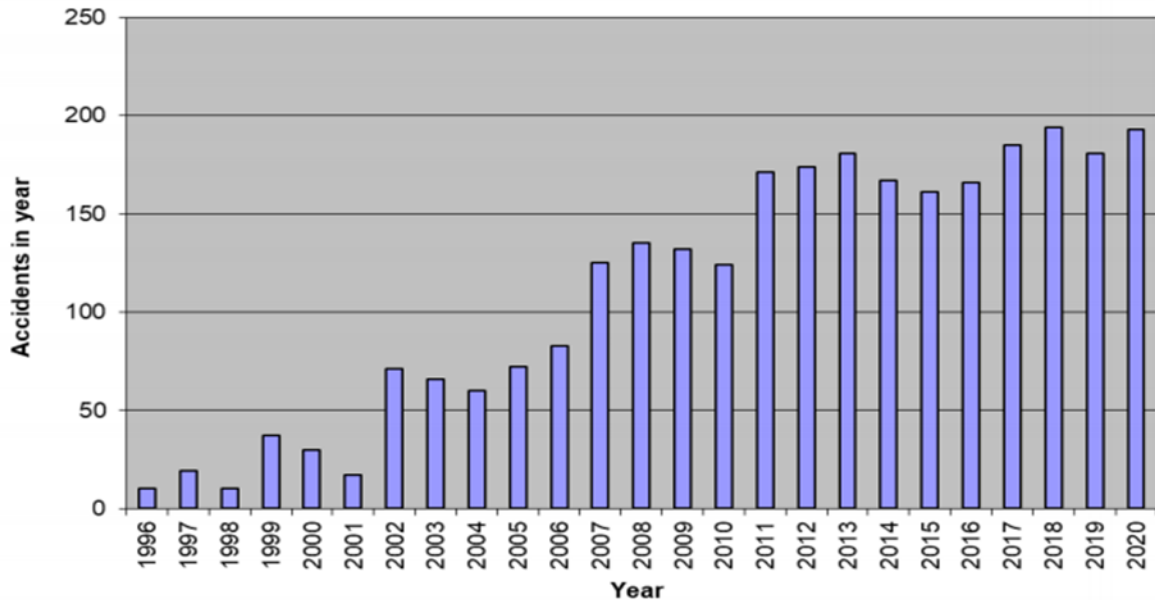
- Parity of terms and conditions with all other employees

⁶ <https://www.unionlearn.org.uk/tuc-charter-apprenticeships>

- Pay that reflects the work done, and in line with nationally negotiated rates where relevant (e.g. construction)
 - A commitment to not use apprenticeships for job substitution
 - Recognised trade union involvement in the programme.
- 2.12. Applicants should be asked to detail how many apprenticeships will be hired by level (2, 3, 4+). Where Level 2 apprenticeships are offered, Applicants should be asked to confirm that the apprentices can proceed to a Level 3 apprenticeship if they wish.
- 2.13. For traineeships, Applicants should be asked to confirm what permitted employer funding they will provide (e.g. travel and lunch subsidies are essential to making traineeships accessible).
- 2.14. Applicants should be asked to provide information about apprenticeships in their supply chains, as well as through recruitment.
- 2.15. In respect of Question 4.5 Unite welcomes the prompts for companies to describe measures taken to tackle workforce inequality. While the recognition of the disability employment gap is crucial, there is also a need to address gender and race inequalities in the industry and its supply chains; these protected characteristics should be addressed explicitly.
- 2.16. Applicants should be asked whether they have, or will carry out pay and progression audits to identify inequalities along gender, disability, race or other protected characteristic lines in their workforce, and to commit to an action plan to addressing such inequalities.
- 2.17. In question 4.6 the role of the trade unions in meeting health and safety standard should be highlighted. Trade union health and safety representatives are shown to make a significant difference to health and safety awareness and lower the odds of injury and illness⁷.
- 2.18. Applicants should be asked about their commitment to work with trade union health and safety representatives to ensure a healthy and safe working environment.
- 2.19. Unite is very concerned about health and safety issues in the sector. The detailed graph includes all documented cases of wind turbine related accidents and incidents as compiled by the Caithness Windfarm Information Forum (CWIF). These incidents are just those they could find and confirm through press reports or official information released up to 31 December 2020. In 2011 the Daily Telegraph reported that RenewableUK confirmed that there had been 1,500 wind turbine accidents and incidents in the UK alone and that, of these, about 18 per cent - or close to 300 incidents - led to an injury but that four were

⁷ <https://www.tuc.org.uk/research-analysis/reports/union-effect>

fatal⁸.



Year	2012	2013	2014	2015	2016	2017	2018	2019	2020
Accidents	174	181	167	161	166	185	194	181	193
Fatal Accidents	17	5	3	8	6	9	3	5	6
Human Injury	15	9	9	9	10	13	4	7	7

2.20. In August 2018 Power Technology published an article listing 737 incidents which were reported from UK offshore windfarms during 2016 alone⁹. The most common accounts were of hand injuries, while fingers cut off, arms crushed, broken bones, fractures, lifting injuries and teeth knocked also occurred. The Health and Safety Executive (HSE), the UK workplace safety regulator, does not currently have a database of wind turbine failures on which they can base judgements on the reliability and risk assessments for wind turbines as the windfarm industry “guarantees confidentiality” of incidents. According to data collected by the CWIF there have been 154 fatal accidents between 2000 and the end of 2020 leading to the deaths of 218 people, 125 of them workers in the industry and a further 93 workers not directly dependent on the wind industry i.e. transport workers.

2.20. Despite the overwhelming catalogue of horrifying circumstances, Unite found just one case taken to court. In late September 2015, Siemens, Fluor were sentenced after the 2010 death of offshore wind farm worker and ordered to pay £650,000. The worker was

⁸ <https://www.telegraph.co.uk/news/uknews/8948363/1500-accidents-and-incidents-on-UK-wind-farms.html>

⁹ <https://www.power-technology.com/features/golden-hour-paramedics-saving-lives-offshore-windfarms/>

killed and another seriously injured during the construction of the 500-MW Greater Gabbard wind farm. The incident happened on 21 May 2010 when during the loading of a 2.1 tonne section of turbine blades transport arrangement fell off onto a sea barge. The HSE said its investigation found serious safety failings in the two companies' management systems for the loading operation.

- 2.21. Unite would argue that there is an urgent need for action to be taken to ensure that the workforce are properly represented and do not fear coming forward to raise concerns about health and safety, working practices and work schedules that may be the root cause of these incidents. Unite would argue that only appropriately trained individuals are allowed on site.
- 2.22. Question 4.7 is liable to be addressed as primarily about avoiding modern slavery, when it ought to reflect Applicants' commitments to job quality. The mention of 'a safe working environment' creates duplication with question 4.6 and should be removed from 4.7, to make sure Applicants focus on addressing other aspects of job quality.
- 2.23. Aside from fair rates of pay, fair working hours, and a safe working environment, the ILO Standards also cover freedom of association and collective bargaining, equal opportunities, access to training and a number of other issues¹⁰. The RSA / Carnegie UK Working Group on Measuring Good Work put forward the following dimensions of work as indicators of job quality¹¹:
- Terms of employment, including job security and minimum guaranteed hours
 - Pay and pay satisfaction
 - Health, safety and psychological wellbeing
 - Job design and nature of work, including the use of skills, control, opportunities for progression, and sense of purpose
 - Social support and cohesion, including peer support and line manager relationship
 - Voice and representation, including trade union membership, employee information and involvement
 - Work-life balance, including overtime work.
- 2.24. Fair pay, health and safety, and trade union representation have seen particular problems in the renewables sector:
- Workers involved in construction on the Beatrice wind farm were revealed to receive less than £5 / hour;

¹⁰ <https://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/lang--en/index.htm>

¹¹ <https://www.thersa.org/globalassets/pdfs/reports/measuring-good-work.pdf>

- The offshore wind sector in general has four times more accidents per hour worked than the offshore oil and gas industry. Although there were no reported fatalities in 2015 or 2016, the latest years for which data is available, the lost time injury frequency for these years was 2.96 and 2.12 respectively. This measures the number of recordable injuries (fatalities + lost work day incidents) per 1,000,000 hours worked. The equivalent figure for offshore oil and gas was 0.52, which adds weight to fears that hard-won advances in offshore health and safety are being put at risk.
- Several developers of waste-to-energy plants are known to obstruct union access and ignore industry-wide pay agreements¹².

2.25. The question should therefore target the job quality issues most relevant to the sector. We suggest the following wording:

- Describe and support with evidence the policies, procedures and systems in place to ensure a high standard of employment in line with ILO standards within (a) your workplace operations and (b) your entire supply chain, including
- Fair rates of pay and fair working hours,
- Freedom of association and collective bargaining,
- Training opportunities including both on-the-job and paid time off for training
- Preventing modern slavery or labour exploitation.

2.26. Unite agrees with the need to provide additional sustainable energy supplies and the ability to deliver/utilise these supplies where they are needed. Transmitting electricity at high voltage reduces the fraction of energy lost to resistance, which varies depending on the specific conductors, the current flowing, and the length of the transmission line. A 100 mile (160 km) span at 345 kV carrying 1000 MW of power will see losses in the region of 4.2%, whilst a 675 kV line travelling the same distance can have losses of just 1.1% to 0.5%. The Hornsea One wind farm is currently the wind farm furthest from our shores, but to replace fossil fuels with electrical or hydrogen power the UK will need to fill its waters with wind farms both closer inshore and further away. Consequently, losses will occur in both transformation and the transport of electricity around the country, so the more local the generation the better. The National Grid as it stands will be no match for the future demands made on it.

2. Are there any other questions you think we should include in the questionnaire?

¹² <https://resource.co/article/unions-allege-%E2%80%98deplorable%E2%80%99-treatment-migrant-workers-waste-facility-10423>; <https://resource.co/article/unions-protest-alleged-worker-exploitation-efw-developments-kent-and-yorkshire-11796>

- 2.27. Unite suggests that all bids should include: ***What percentage of the jobs created by this project will be based in the UK?*** Unite would suggest that this would provide a clear indication and direction of travel from any potential bidder. The reply will be a statement that will not be a guarantee that jobs will be filled by UK nationals but at least they will be based in the UK. Unite believes at least 50% of the jobs would need to be based in the UK for a bid to succeed. These jobs also need to pay at least the real living wage or the collectively bargained rate where there is one.
- 2.28. Unite would also suggest that the questionnaire asks: ***“How many accidents occurred in previous UK renewables projects your company has been involved in and what measures are in place to try and bring this total towards zero?”*** The reasons Unite would wish to include this are outlined below in response to the last question.

3. The Government welcomes views on whether the questions in the questionnaire are clear and straightforward to complete.

- 2.29. Yes. But, as noted above, there is a small amount of duplication between questions 4.6 and 4.7 which should be rectified.

4. The Government welcomes views on whether tables are clear and straightforward to complete.

- 2.30. It is obvious that a full and yet concise response to each of the subject areas on the Submission Template Allocation for round 4 check list table will need to be covered in far more detail on a separate sheet or sheets and the boxes are more of an aide memoire.
- 2.31. Unite believes that the tables are more of a series of headings than questions which indicate what is the required response in each section of the table. If viewed without prior knowledge of what points should go where then there are some areas of ambiguity. At 1.1 on the check list it simply states under the heading “Business Environment”, “% UK Content”. Unite feels that this is very vague as the “% Content” could mean:
- what percentage of the company’s suppliers are in the UK (regardless of size);
 - what percentage of the materials originated in the UK;
 - what percentage of the shareholders investments originated in the UK; or
 - what percentage of the company’s employees are in the UK.
- 2.32. Unite would argue that all of the above questions should be asked at some point to determine just what percentage of the revenue stream generated from the project will

create income for HM Treasury and what will be destined for non-UK-residential offshore investors. These questions concerning ownership structure are raised under “Project Summary” re “Ownership Structure”. Equally the issue with respect to the number of employees should be considered under “People”, however this point is not raised and instead at point 4.4 it only asks for the numbers of employees in the “UK, EU and the RoW”.

5. What sources of evidence should be taken into account when assessing each technology’s ambition in relation to strengthening the UK based supply chain?

- 2.33. If the goal is to strengthen the UK supply chain, Unite believes that training should be provided and reinforced from an early age and through schooling to adult learning in the skills required to supply the project. Given the scale of the challenge, sponsorship and bursary awards to aid the student pay for the courses, alongside practical paid intern work should be used as ways to encourage students so that the next influx of school leavers are inspired to stay in the area and work for the company that has helped them throughout. For this reason Unite would suggest that the assessment should include what the project is going to give back into the community.
- 2.34. If the assessment has to be based on the technology then Unite would suggest that the assessment be based on the export potential and real-world results of any trial rather than theoretical outcomes. If the technology is sound and uses as many local suppliers as possible it will not only develop a very short supplier miles footprint but have the potential to develop centres of excellence in that technology.
- 2.35. Unite would suggest that household waste to sustainable aviation fuel is such a technology, which has a ready established market, crying out for a supply of the product. The project also has a ‘shovel ready’ facility near Immingham ready to demonstrate the technology and will help the area resolve their household waste/landfill issue, producing something that will reduce aviation emissions even when used in low concentrations as a fuel additive. Whilst this technology is over eighty years old it has never really been exploited to such an industrial level.

6. What weighting would you give to the different priorities within the Business Environment section of the questionnaire?

- 2.36. A significant weighting for estimating the local content of a project is insufficient.
- 2.37. Local content targets should be a pass-or-fail question, rather than forming part of the points-based assessment, as outlined above.

7. The Government welcomes views on whether the questionnaire will drive greater investment into the UK supply chain. What level of anticipated UK content should represent a “pass” mark (for each technology)? Does this encourage ambition and help create a trajectory towards delivery of wider industry targets, for example the 60% UK content target in the offshore wind Sector Deal?

- 2.38. The 60% offshore wind target is insufficient and should be raised to at least 80%. The Offshore Renewable Energy Catapult estimated that the industry would achieve 65% UK content by 2030 with no extra government incentives, based on 19GW of offshore wind projects built out (less than half of what is planned now). Given the significant growth of both the industry's ambitions and government targets since this estimate was made, 80% UK content should be achievable for the industry.
- 2.39. Unite would highlight that to date there has been very little if any UK jobs created in construction or placement of offshore wind generation. If it is therefore the Government's intention to stand by a 60% UK target this should be applicable across the board not confined to final maintenance of an offshore wind farm. Unite would further suggest that this 60% content minimum should form a basis that should be developed domestically so that an increasing share of contracts by value be sourced from UK suppliers over the lifetime of the contract.

8. *The Government welcomes views on whether publishing the expected UK content figures of a project would be commercially sensitive and whether publishing a supporting commentary alongside the UK content figures mitigates any sensitivities?*

- 2.41. If, as we are suggesting, the Supply Chain plans should pass or fail based on meeting a target, rather than publicising an expected UK content figure, the commercial sensitivity issue is avoided

11th March 2021

Peter McIntosh
National Officer for the Energy and Utilities Sector
Unite the Union,
Unite House
128 Theobalds Road
Holborn
London WC1X 8TN

For further information please contact Colin Potter, Research Officer, Unite Research Department at colin.potter@unitetheunion.org.